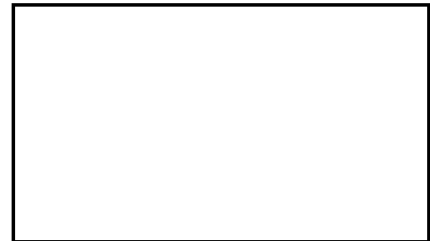
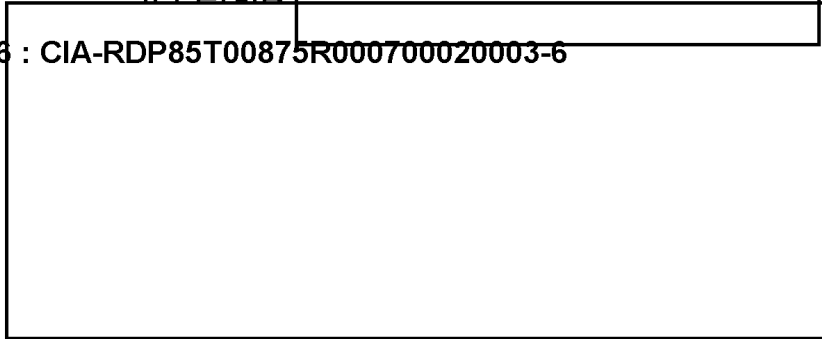


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# *Chinese Affairs*

State Department review completed

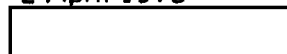
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Comments and queries on the contents of this publication are welcome. They should be directed to the officers named in the individual articles.

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence

CHINESE AFFAIRS

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## Where Was Chou?

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Premier Chou En-lai was lost to public view for a little over two weeks last month, touching off speculation concerning his whereabouts. Since Sihanouk was and remains unaccounted for at the same time, Western newsmen conjectured that Chou had accompanied the Prince to a "liberated zone" in Cambodia. During Chou's absence, from 9 to 25 March, Peking publicized a few of his activities such as sending a wreath to a funeral on 16 March and a message to Sihanouk on 22 March, but the Chinese have yet to provide an official explanation for the premier's unusual retreat into the shadows.

He may have been on a tour of the provinces.

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Last year's harvest was a disappointment, and it is conceivable that Chou made a swing through the countryside to check on the progress of the important spring planting now under way in most areas.

The premier keeps a back-breaking schedule of state affairs, and he may have simply been resting at one of the several vacation spas for Chinese leaders. In any event, he was on hand at the Peking airport on 25 March to welcome the President of Cameroon, who is making an official one-week visit to China; Chou almost always is on hand to greet visiting heads of state. Since the 25th, he has resumed his usually hectic schedule—a good indication that he probably was not bothered by a serious illness during his recent absence. Mme. Chou, who is known to be ailing, also met with the Cameroon guests, indicating that her health was probably not a factor in Chou's absence. (While Chou was absent, the party daily newspaper published some harshly worded articles on youth affairs that seemed somewhat out of step. See the annex.)

The premier's political stature does not seem to have declined. He was present on 26 March when the Cameroon President met with party Chairman Mao Tse-tung, thus continuing to be the only politburo member who is consistently accorded this honor. At one point last month—from 17 to 21 March—the entire politburo was out of sight, raising the possibility that the leadership was meeting outside Peking.

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## Making Waves Over Oil

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After laying aside the issue of off-shore oil for months, Peking is raising a fuss over recent drilling operations on the continental shelf between China and South Korea. In mid-March, the Foreign Ministry issued a statement criticizing Seoul for unilaterally permitting vessels chartered by American oil companies to drill in areas where jurisdiction has not yet been fixed. The Chinese Government, the statement asserted, reserved all rights in connection with the drilling, which, Peking said, represented an attempt by "international oil monopolies to grab China's coastal sea-bed resources." On the whole, the statement was mild compared to previous commentary.

Peking's handling of the matter suggests that it is prepared to negotiate jurisdictional boundaries, but that until then it will oppose any exploration in areas it considers disputed. Some diplomats are speculating the Chinese will address this issue, perhaps laying claim to some areas, at forthcoming regional and international meetings. Seoul has interpreted Peking's statement as implying that China is willing to discuss its claims bilaterally, and the South Koreans are attempting to establish direct contact. If Peking responds, which seems unlikely, it will probably limit its dealings with Seoul to this question out of deference to Pyongyang's sensitivities.

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## The Bloom Is Off the Rose

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Peking may have gone too far in criticizing Tokyo's plans for joint Japanese-Soviet exploitation of oil reserves in Siberia. Liao Cheng-chih, the highest ranking Chinese official dealing with Japanese affairs, told Japanese journalists in mid-March that the Tyumen pipeline project would aid the Soviet war machine against China, forcing Peking to "considerable measures" in reaction. Liao added that China would harbor "bitter feelings" toward Japan should the project proceed.

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The Soviets have been quick to take advantage of Liao's comments. TASS ridiculed Peking's stand and charged that Liao's forthcoming trip to Tokyo will constitute interference in Japanese affairs. Soviet media have questioned Peking's desire to reduce tensions in the Far East and have catalogued Chinese attempts to exert pressure in Tokyo. Obviously, open Chinese opposition to the Tyumen project enhances Moscow's political stake in pushing on with a project to which the Soviets already attach great economic importance.

Peking's negative reaction to Tyumen is one of a number of signs that the sharp upward curve in Sino-Japanese relations is flattening out. Negotiations on a peace treaty have not yet begun. The initial round of bilateral negotiations on a civil aviation agreement in mid-March deadlocked when the Chinese demanded basic adjustments in Tokyo's air pact with Taipei. In the latter case the Chinese may have been suggesting to Japan their unhappiness with Tyumen, but Tokyo has indicated an intention to accommodate Peking on the air pact. Another set of bilateral talks over a substantial Japanese purchase of Chinese low sulfur oil resumed in Peking on 30 March. An earlier round broke down in February over Peking's asking price, and the Japanese expect current bargaining to be lengthy and difficult.

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## Trade Unions Under New Management?

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A Peking radiobroadcast of 26 March has confirmed the re-establishment of the All China Federation of Trade Unions. "Leading members" of this body were present in Peking at the funeral of a model worker who was an official of the Railway Workers' Union. This is the first public indication that Peking's prolonged efforts to rebuild a national trade union structure has borne fruit. The old one was dismantled early in the Cultural Revolution after it had been sharply criticized by leftist forces.

The Chinese have since been rebuilding the trade unions from the ground up. "Workers' congresses" formed in many enterprises during the Cultural Revolution have apparently evolved into basic organizational units.

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activity in the long-vacant union headquarters building in Peking, and there are signs "greeting the establishment" of unions in parts of the city. Since the Chinese have retained the old name, they might also reinstate some of the old trade union leaders.

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It is not clear how China's top leadership views the old-timers, but Chou is certain to be more sympathetic toward them than are the Cultural Revolution leftists in the hierarchy, who undoubtedly would lean toward new and younger leaders. One such new leader is Central Committee member Wei Ping-kuei, who headed a Chinese workers' delegation which recently arrived in Japan. When the trade union leadership is unveiled, the proportion of experienced officials to new blood will provide a fresh indicator of the balance of political forces in Peking.

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**A Buying Spree**

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Peking has purchased \$170 million worth of industrial plants from the West since January, surpassing the peak of \$100 million in 1965. The total this year could jump to \$500 million or more if current negotiations with Western firms are successfully concluded.

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The plants being bought in the West are consumer oriented, producing items needed to maintain a minimum standard of living for China's massive population. Four plants purchased from Japan will produce basic raw materials for making man-made fibers for clothing. Three urea plants purchased from the Netherlands reportedly will be among the largest in the world. They should enable China to more than double its production capacity in high-nutrient fertilizers by 1977. The new plants will also reduce China's dependence on foreign fertilizer and textile fibers and save foreign exchange.

China is buying the plants on medium-term credit.

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The Chinese can afford to make additional major purchases on credit. Repayment schedules on plants purchased this year will not peak until the late 1970s, and then repayments will amount to only about \$35 million a year - a tiny fraction of China's export earnings, which reached almost \$3 billion last year.

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## Nuclear Power Plants

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A large Chinese delegation has just completed an extensive tour of nuclear power facilities in Japan, Canada, West Germany, Switzerland, and Italy. Officials of the group have indicated that Peking plans to buy two nuclear power plants; one is to have an electrical generating capacity of about 300 megawatts (Mw); the other about 600 Mw. The Chinese plan to pattern indigenously built plants after the 600 Mw facility. The two plants could cost the Chinese in the neighborhood of \$400-500 million. If purchased immediately, the plants probably would not be operational before the 1980s. There are also reports that the Chinese have begun construction of a 200 Mw plant of indigenous design. The Chinese plan to buy fuel for both new reactors and are actively searching for a supplier.

China is interested in US power reactor technology, but in the past has studiously avoided US contacts. Instead, it has methodically investigated the capabilities of other Western manufacturers, apparently fearing the US Government might not approve the sale of nuclear power generating equipment to China.

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The Chinese interest in nuclear power plants is apparently prompted by a desire to diversify energy supplies. The country has huge resources of coal and hydroelectric power and its petroleum industry is growing. Throughout the 1960s, Chinese scientists insisted that their country had no plans to develop nuclear power because capital investment and technical manpower requirements were prohibitively large. By 1971, however, the Chinese had begun to seek both nuclear and conventional equipment abroad to modernize their power industry. The search for nuclear power plants began in earnest in 1972.

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## Moderation in Panama

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The recent Security Council meeting in Panama gave Peking another chance to reaffirm its support for Latin American and Third World nations against alleged economic and political domination by the two superpowers. The main Chinese statement, a speech by UN representative Huang Hua, contained an extensive litany of charges against the US and the USSR. Huang backed Panama's efforts to regain sovereignty over the Canal Zone, criticized the presence of foreign military bases in Latin America, and blamed the region's economic underdevelopment mainly on the US. He endorsed nationalization of foreign-owned industries and reiterated Peking's approval of the concept of a 200-mile limit for maritime rights. Pointing to China's statement made last fall supporting a demuclearized zone in Latin America, Huang criticized the superpowers for refusing to support the concept actively.

The speech broke no new ground and was relatively moderate for the Chinese. For example, Huang scarcely mentioned the US naval base at Guantanamo. In endorsing Panama's position on the Canal Zone, he referred to a Panamanian statement that called for a gradual recovery, within a specified time period, of jurisdictional rights. After the US veto of the resolution on the canal issue, Huang merely expressed "deep regret" that the Security Council had been "unable to comply with its duty."

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Although the Chinese probably did not expect more out of the session than an opportunity again to record their support of various Latin American causes, their backing of Panama may eventually pay off in the form of diplomatic recognition by the Torrijos government. The day Huang left, Panamanian Foreign Minister Taek announced that conversations on diplomatic relations with China were already in progress.

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## Indochina: Pluses and Minuses

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Recent public and private Chinese statements on Indochina suggest Peking remains relaxed and optimistic about Vietnam, generally satisfied with the state of play in Laos, but pessimistic and fairly rigid with respect to Cambodia.

Echoing the Peking press, Chinese diplomats and officials say that Washington now genuinely wishes to disengage from Vietnam and that the four-power Paris Agreement and 12-power Paris Conference Act provide a workable foundation for a Vietnam settlement. A clear thread running through formal and informal expressions of Peking's policy is the overriding desire to see Vietnam removed as an issue in big-power politics and to ensure that the Vietnamese parties act in a way that will obviate re-engagement by any of the major powers.

A senior Foreign Ministry official - Assistant Minister Chang Wen-chin - recently suggested to the Canadian ambassador in Peking that Peking is prepared to use its influence toward this end. The Chinese press continues its strong support for the agreements and for strict compliance by all parties.

Chang played down cease-fire violations, saying they should be regarded as "technicalities." He even implied some culpability on Hanoi's part, blaming Communist violations on a lack of understanding of the agreement "by some people." The Chinese press has been reasonably even-handed in its treatment of cease-fire developments: it has reported - but without comment - Vietnamese Communist protests as well as positive acts of compliance with the agreement, such as prisoner exchanges.

The Chinese have registered strong approval of the cease-fire agreement in Laos. According to the Canadian ambassador, Chang Wen-chin left the impression that Peking might be more forthcoming than in the past regarding financial assistance for an international supervisory effort and that China remained open-minded about future prospects. Peking almost certainly is confident about its interests in Laos, including its road-construction effort in the north.

In contrast, Peking is clearly pessimistic regarding an early settlement in Cambodia. The latest public statement, issued in late March over Chou En-lai's signature, indicated a settlement should be fashioned along the lines

of Sihanouk's March 1970 five-point statement and that a "key" element is the end of US support for Lon Nol and of US involvement in Cambodia. There has been no diminution in Peking's support for Sihanouk and his exiles as Cambodia's "sole, legitimate" government, and Chinese officials privately have expressed disappointment that Washington has not got in touch with Sihanouk.

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## ANNEX

## Youth: Contrasting Views

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A debate evidently has developed over the role and importance of youth in China. Some groups, probably those aligned with moderates in the leadership, argue that Chinese young people are politically naive and that the party should, therefore, exert greater control over all youth activities by rebuilding and consolidating the Young Communist League (YCL). Others emphasize the vitality and resourcefulness of Chinese youth in terms somewhat reminiscent of those prevalent during the Cultural Revolution. They extoll youth's adaptability and receptivity to "new things," a reference to various radically inspired socio-economic programs that blossomed in the Cultural Revolution. Most of these programs are youth-oriented and most have been seriously weakened or sharply curtailed in recent years.

As usual in these matters, it is difficult to define the position of specific Chinese leaders. Nevertheless there are some clues. The "new things" theme was first articulated by Mao's wife, Chiang Ching, during the Cultural Revolution. Moreover, the attacks against those who seek to discredit youth and defame "new things" seemed to reach a peak in mid-March, when Premier Chou En-lai, the principal architect of China's moderate policies at home as well as abroad, was out of the public view for several weeks.

China's young people have always occupied an important place in Mao's plans to revitalize Chinese society. There is evidence that some of the inflammatory rhetoric favoring youth is already having a policy impact. For example, the timetable for efforts by moderates to re-establish the dominance of the YCL seems to have slipped somewhat, and the campaign to send educated youth to the countryside a "new things" program appears to have been accelerated. The policy debate over youth may, like many other debates in China these days, simply fade away; if not, it could become a source of embarrassment and perhaps a political liability for Premier Chou and his moderate colleagues.

### The YCL and Youth

The YCL, like its parent party organization, was completely dismantled during the Cultural Revolution. The campaign to reconstitute it began in earnest last November, nearly two years after the provincial party apparatus

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was re-established. The Lin Piao affair doubtless set back the timetable for reconstruction of the YCL. In any event, in response to a directive from Peking, the provinces, led by the city of Shanghai, announced plans for convening special congresses during 1973 to establish provincial-level YCL party committees. The tempo picked up at the turn of the year, and the entire process seemed to be scheduled for completion "around 4 May," the anniversary of the famous youth movement in 1919.

The pronouncements issued in the early phase of the campaign had a distinctly moderate bias. They did not dwell on the contribution of China's youth during the Cultural Revolution. Instead, they emphasized party control by making specific provisions for the incorporation of "experienced" party cadre into the new YCL committees and by specifying that Red Guards were to be invited to league meetings only as "observers." The most striking feature of the pronouncements was their definition of youth's "special characteristics." Young people, it was explained, lack experience and are thus susceptible to exploitation by ever-present "class enemies." Some provincial broadcasts even went so far as to condemn youth for being deceived into "dispensing with party leadership" - an obvious indictment of Red Guard activities during the Cultural Revolution. The remedy, according to these articles, was for the YCL, with guidance from the party, to organize, train, and "educate" young people.

### **The Left Strikes Back**

The sharp criticism in these articles provoked a counterattack, probably from the radical wing of the leadership. The initial volley came in a *People's Daily* editorial on 22 February greeting the formation of the Shanghai YCL committee. In one cryptic passage, the editorial lashed out at those who "willfully exaggerate" the weaknesses or shortcomings of China's young people. This theme was elaborated at great length in a harshly worded *People's Daily* article on 10 March, which was broadcast by Peking radio to the home audience on 13 March. The article sharply rebuked those who mock young people as "childish" and who confuse youth's "spirit of daring" with "anarchism."

The article was defensive about the Red Guard movement. As is customary these days, "slanders" such as those against the Red Guards were attributed to "swindlers like Liu Shao-chi," i.e., deposed defense minister Lin Piao. The shrillness of the article strongly suggests that it was aimed at a contemporary target. The reference to anarchism seems designed to answer another sharply worded article in the party daily last October, which

inveighed strongly against those who wanted to "overthrow all political authority" and "completely wipe out the state in one day."

### "New Things"

Another campaign, which seems directly related to the youth issue, is under way to tout the value of certain programs that grew out of the Cultural Revolution. This campaign, under the rubric "new things," has evolved into a strident defense of controversial programs, such as the down-to-the-countryside movement (especially as it pertains to educated youth), the promotion of large numbers of youthful activists to positions of authority, and the reform of China's educational system to make it more egalitarian. Although these programs affect a wide spectrum of Chinese society, they are for the most part youth-oriented.

Like the Red Guard movement itself, most of these "new things" have been modified or gradually discarded since the Cultural Revolution and have been replaced with old policies tried and proven before the Cultural Revolution. The language used in the defense of "new things" closely resembles that of the articles proclaiming the vitality of China's youth. A *People's Daily* article on 15 March, for example, blasted those who have adopted a "critical, even sarcastic and hostile attitude" toward these programs.

### The Central Leadership

The fact that much of this squabble has taken place in the pages of the *People's Daily* and, to a lesser extent, *Red Flag*, suggests that there may be sharp differences of view within the highest councils in Peking. The "new things" theme was first voiced by Chiang Ching in a speech in September 1968 when she urged her audience to prepare for many "new things" stemming from the great upheaval of the Cultural Revolution. In succeeding years, of course, she has witnessed a steady emasculation of the unorthodox schemes spawned by that "revolution."

The current argument surrounding the "new things" hints at a personalized debate. For example, the *People's Daily* article on 15 March, in warning against those who would reject a whole program because of one or two minor shortcomings, urges its readers not to allow a "single yellow leaf" to block out the view of a "whole yard of green foliage." Several provincial broadcasts have subsequently alluded to the "single leaf" metaphor, suggesting that it is the brain-child of a high-level personage.

The obvious target would be Chou En-lai, the principal architect of China's pragmatic policies at home and presumably a leader who would favor greater party control over all kinds of youthful activities. In this connection, it seems more than a coincidence that Chou's absence from public view from 9 to 25 March coincided precisely with the period when the militant rhetoric from Peking was most vociferous, as shown by the *People's Daily* articles on 10 and 15 March. Generally, *People's Daily*—as opposed to *Red Flag*, the party's monthly journal—has adopted a moderate position on important political issues. It is tempting to speculate that the more militant bias displayed in March could only have taken place in Chou's absence.

### A Shift to the Left?

The recent heat on the youth question and "new things" is not an isolated phenomenon. In Peking nowadays, the debate ebbs and flows on a number of major policy issues, and often the process seems to have no particular relationship to the political environment. In the case of youth, however, there does seem to be some connection.

The campaign to rebuild the YCL has slowed down. A few provinces have announced that their YCL committees will not be formed until later this summer, and in one case, "not until the fall." Moreover, the organizational relationship between the YCL and the Red Guards, never very clear, is becoming even more obscure in the official media. At the very least, this suggests that the original rationale for reconstituting the YCL has been diluted and the tempo of rebuilding slowed.

As for "new things," it appears that the program for sending educated youth to the rural areas is about to be reinvigorated. Last year the Chinese announced that during 1972 some 400,000 young people had been sent to the countryside. This spring, a provincial leader in East China, in an unusually explicit speech, revealed that between one and two million young people would be rusticated and that in his province alone some 350,000 will be leaving the cities for the countryside. There are, to be sure, economic reasons for an acceleration in the rustication program. But the popular mood in China over the past several years seemed to be calling for a complete phasing out of the program, and until this spring it seemed that Peking was attempting to do just that.

If a radical resurgence is in progress, it should soon manifest itself on other fronts. Education is one possibility. It is an area where radical recommendations had been clearly diluted over recent years, and *Red Flag* was

talking about education when it revived the "new things" theme in December 1972. Spring is the customary time for organizing the next academic year, so the regime's handling of educational matters in the months ahead may provide an indication of the scope and durability of the current emphasis on programs favored by the left. [REDACTED]

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## CHRONOLOGY

11 March Liao Cheng-chih, Peking's top official dealing with Japanese affairs, publicly condemns Tokyo for plans to exploit Siberian oil resources jointly with Moscow.

15 March Chinese Foreign Ministry releases relatively mild statement criticizing South Korea for permitting off-shore oil exploration in area of Yellow Sea over which jurisdiction had not yet been delimited.

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16 March

Funeral services are held in Peking for former minister of education, Ho Wei. In a break with practice, Premier Chou En-lai does not attend, but sends a wreath.

17 March Initial round of Sino-Japanese civil aviation negotiations ends in deadlock over Peking's demand for basic adjustments in Tokyo's air pact with Taipei.

21 March Counselor Ma Mu-ming arrives in New Delhi to take up post as ambassador.

Charge Shih Chiao arrives in Wellington to open Chinese Embassy in New Zealand.

22 March Huang Ming-ta, former Chinese charge in New Delhi, arrives in Sri Lanka to take up post as ambassador.

22-23 March Peking observes anniversary of formation of Sihanouk's Front and Army, with congratulatory message signed by Tung Pi-wu and Chou En-lai. *People's Daily* editorial and reception attended by Li Hsien-nien, Chi Peng-fei and others.

23 March Wang Chan-yuan leaves Peking to become the first PRC ambassador to Guyana.

Chinese-Polish trade agreement for 1973 signed in Warsaw.

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23-26 March Chinese Telecommunications delegation visits Japan; sees Prime Minister Tanaka and Foreign Minister Ohira.

23 March

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24 March

Cuban trade delegation, led by Vice Minister of Foreign Trade Garcia Lazo, leaves for home after concluding 1973 trade agreement.

Zambian trade delegation arrives in Peking.

24-25 March

New Zealand Communist Party leaders arrive in Peking, feted at banquet hosted by Chang Chun-chiao and Keng Piao.

24-28 March

British Secretary for Trade and Industry visits Peking, holds talks with Foreign Minister Chi Peng-fei and Foreign Trade Minister Pai Hsiang-kuo, and opens British industrial exhibition.

25 March

Premier Chou En-lai makes his first public appearance since 8 March when he greets President Ahidjo of Cameroon at the Peking airport.

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Ambassador Chen Cha assumes post in Tokyo.

26 March

27-28 March

New Zealand ministerial mission headed by Joseph Waldin arrives in Peking, holds talks with Vice Foreign Minister Chiao Kuan-hua.

30 March

Peking announces Huang Chen, former ambassador to France, will head Chinese Liaison Office in Washington; Han Hsu, head of Ministry of Foreign Affairs protocol department, will be deputy chief of the office.

31 March

US advance party leaves for Peking to open US liaison office.

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